

1Q 2022 Earnings Release

HYUNDAI CONSTRUCTION EQUIPMENT



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1Q 2022 Business Results

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1. Financial Results Summary

1Q

- Sales : +3.4% YoY, Strong sales in Emerging & Advanced countries, demands influenced by high price of raw materials
- Operating profit : - 38% YoY, Market decrease and insufficient supply of parts in & from China due to the Covid-19 quarantine.
Improvement expected from 2Q, through diversifying parts supply chain and Sales increase in Advanced countries

(Unit: Billion KRW, %)

구 분	'22.1Q			'21.1Q	'21.4Q
		YoY	QoQ		
Sales	932	3.4%	23.1%	901.5	757.2
Operating Profit	46.7	-38.0%	Turn around	75.3	-16.0
O/P Margin(%)	5.0%	-3.3%p	Turn around	8.4%	-2.1%
Non-Operating Profit	21.5	N/A	N/A	-3.5	-17.5
Interest Income	-6.5	N/A	N/A	-5.3	-5.4
Gain and Losses on Foreign exchange	28.5	882.8%	N/A	2.9	-0.4
Net Profit	51.1	-7.1%	Turn around	55.0	-34.0
Profit attributable to owners of the company	51.8	17.7%	Turn around	44.0	-29.6

Note) 22.1Q : consolidated Financial statement based on K-IFRS (Subsidiaries in Europe, North America, China, India, Indonesia and Brazil)

21.1Q & 4Q : consolidated Financial statement based on K-IFRS

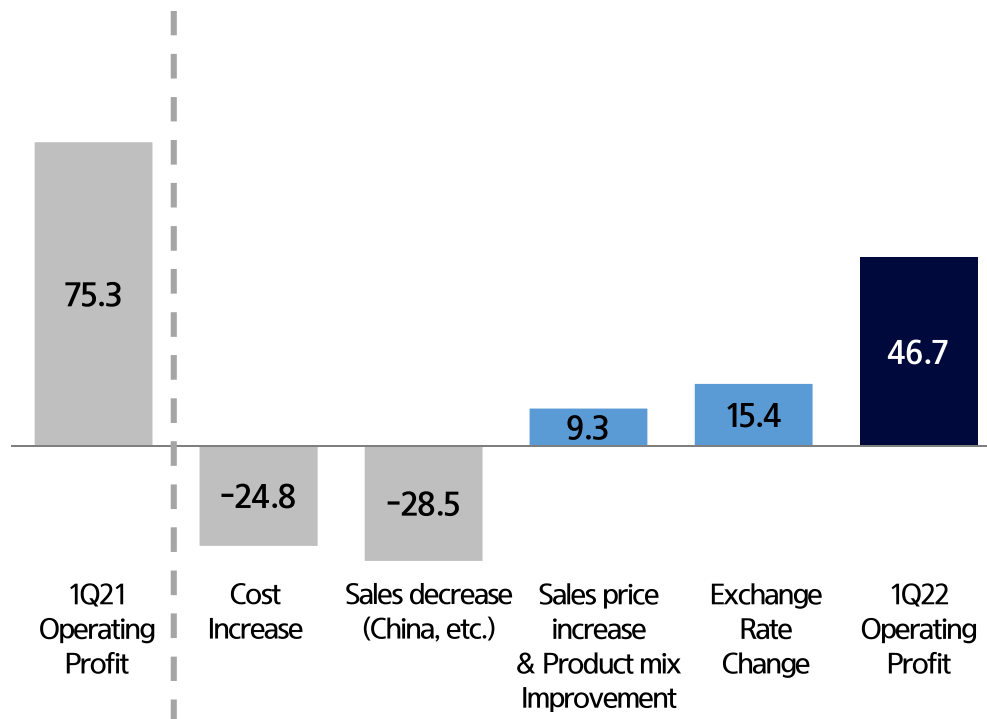
(Subsidiaries in Europe, North America, China, India, Indonesia and Brazil, discontinued forklift operation has been reflected)

2. Operating Profit Overview

- Sales price increase and Product mix improvement; efforts to defend the profit against the influences came from the Covid-19 quarantine in China and High Cost of materials, ocean freight and others (Profit decreased 28.6bil KRW, YoY)

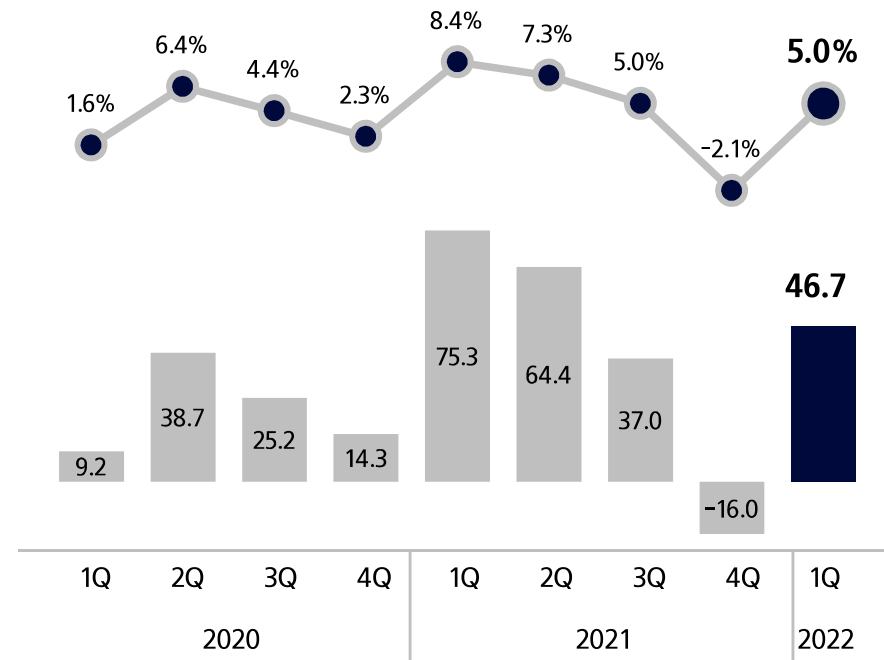
Operating Profit Analysis (YoY)

(Unit: Billion KRW)



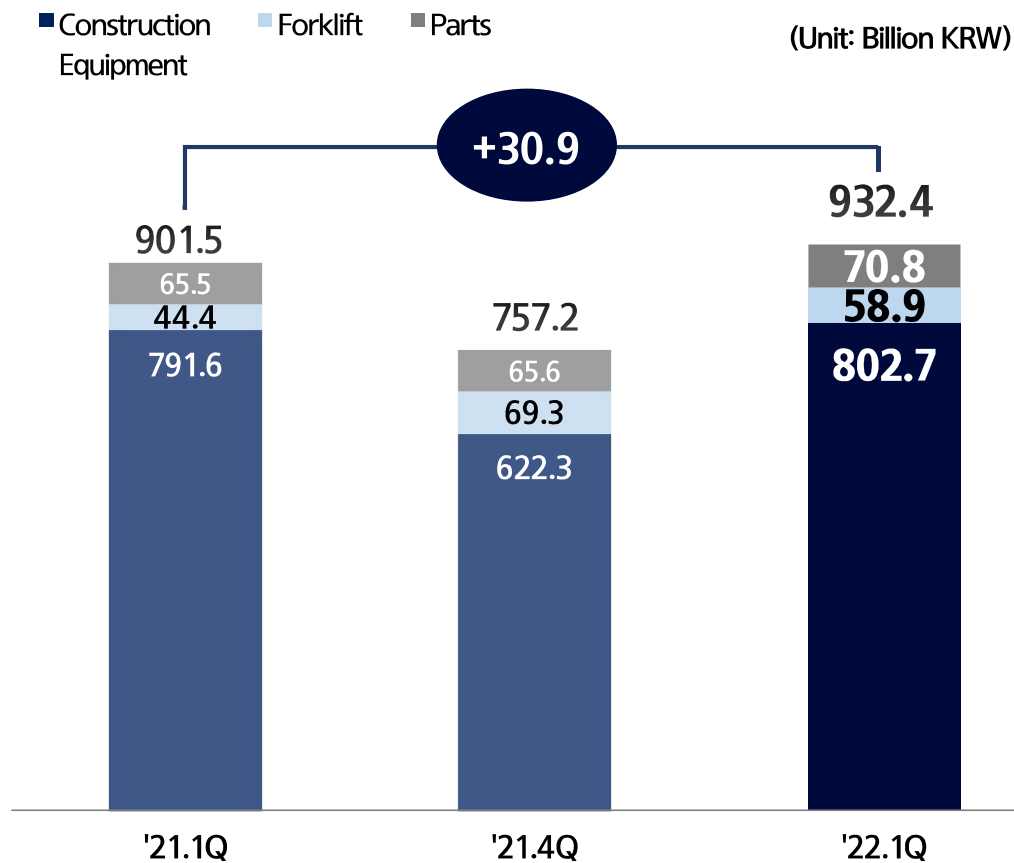
Quarterly Changes in Operating Profit

(Unit: Billion KRW)



3. Sales Overview by Business Sector

1Q22 Sales by Business Sector



Construction Equipment

- Despite of market decrease due to the Covid-19 quarantine in China, sales increased in Emerging Countries and North America
 - + 1.4%, YoY
 - +29.0%, QoQ

Forklift

- Continued sales in Advanced countries, but growth slowed due to the delayed supply of several components
 - + 32.7%, YoY
 - -15.0%, QoQ

Parts

- Steady Sales
 - +8.1%, YoY
 - +7.9%, QoQ

4. Sales Overview by Region

- Emerging : Sales increased because of high price of oil, gas and raw materials
- India/Brazil : India – Delayed market recovery due to the Covid-19 and Inflation
Brazil – Market increased due to the high demand for raw materials
- China : Market decreased due to the Covid-19 quarantine
- Advanced : North America – Favorable trend caused by real estate business
Europe – Sales growth driven by economic recovery
- Domestic : Steady sales continued

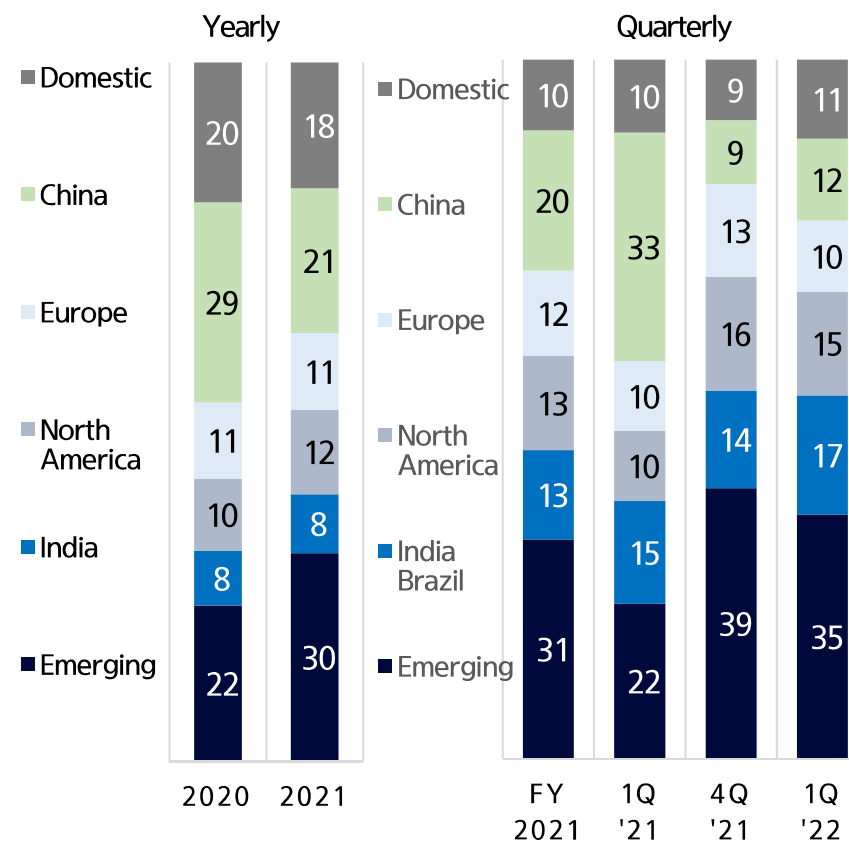
Sales Amount

(Unit: Billion KRW, %)

	'22.1Q			'21.1Q	'21.4Q
		YoY	QoQ		
Emerging	324.0	61	12	200.8	288.6
India Brazil	158.4	19	52	132.9	104.0
China	108.6	-63	59	296.1	68.3
North America	137.3	51	14	90.8	120.9
Europe	94.5	5	-5	89.9	99.0
Domestic	105.0	11	63	94.7	64.6

Sales Portion per Region

(Unit : %)



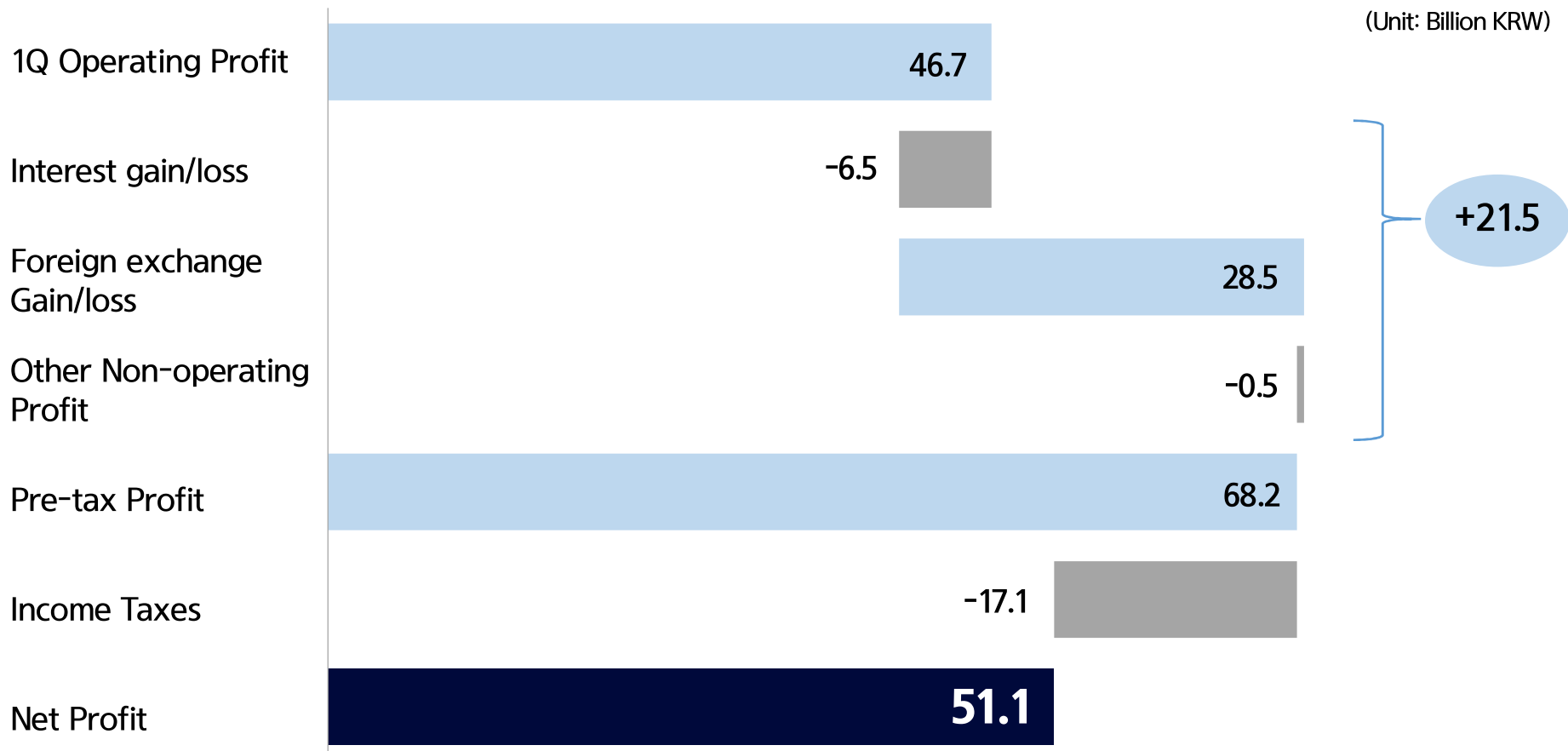
Note) Continued operations only (CE All + Forklift Sales by Overseas subsidiaries)

* Before the business restructuring

* After the business restructuring

5. Non-Operating Profit and Net Profit

- 51.1 bil KRW of Net Profit
: 6.5 bil KRW of interest loss, but offset by 28.5 bil KRW of Foreign exchange gain and others



6. Financial Statement and Indicators

- Stable financial status

Consolidated Financial Statement

(Unit: Billion KRW)

	'22.1Q	2021	2020	2019
Total Assets	3,571.8	3,554.3	3,355.9	3,188.0
Current Assets	2,494.3	2,469.5	2,265.0	2,151.5
Non-current Assets	1,077.5	1,084.8	1,090.9	1,036.5
AR and others	923.0	876.5	740.0	747.7
Cash Equivalents & Financial Assets	633.3	524.6	892.8	637.5
Total Liabilities	1,944.6	2,006.5	1,768.3	1,610.9
Current Liabilities	1,410.7	1,499.1	1,156.5	1,052.8
Non-current Liabilities	533.9	507.4	611.8	558.1
AP and others	436.0	428.0	355.8	292.3
Borrowings	1,225.9	1,261.2	1,214.5	1,121.8
Net Borrowings	592.6	736.6	321.7	484.2
Total Equity	1,627.2	1,547.8	1,587.6	1,577.1

Key Indicators for analysis

	'22.1Q	2021	2020	2019
Current Ratio (Current Assets / Current Liabilities)	177%	165%	196%	204%
Debt Ratio (Total Liabilities / Total Assets)	120%	130%	111%	102%
Borrowing Ratio (Borrowings / Total Equity)	75%	81%	76%	71%
Net Borrowing Ratio (Net Borrowings / Total Equity)	36%	48%	20%	31%

Note) 22.1Q : consolidated Financial statement based on K-IFRS (Subsidiaries in Europe, North America, China, India, Indonesia and Brazil)

21.1Q & 4Q : consolidated Financial statement based on K-IFRS

(Subsidiaries in Europe, North America, China, India, Indonesia and Brazil, discontinued forklift operation has been reflected)

Market Outlook



Market Review & Outlook (1)

- Global market demand decreased, but sales has been increased because of strong sales in Emerging & Advanced countries

1Q22 Market Demand & Sales

(Unit : Market Demand - Thousand Units / Sales – Billion KRW)

	Market Demand	YoY	Sales		Review & Outlook
				YoY	
Global	164.4	-23%	932.4	+3%	<ul style="list-style-type: none"> Market decreased and unstable supply but sales increased compared to 1Q21
Emerging	39.7	+36%	324.0	+61%	<ul style="list-style-type: none"> Large & Extra Large sized machines sales increased in Asia and Latin America due to the high demand of raw materials : Enhanced Profitability due to the improved Product Mix
North America	26.1	+12%	137.3	+51%	<ul style="list-style-type: none"> Strong demand from Real estate industry Market position improved due to the good sales of 20t excavators and wheel loaders
Europe	37.1	+4%	94.5	+5%	<ul style="list-style-type: none"> Good sales in Major countries(Germany, France and Italy). Increased Shipment from Korea in 1Q(+93%, QoQ), will take result of increased sales in 2Q
India Brazil	7.3	+7%	158.4	+19%	<ul style="list-style-type: none"> India – Delayed market recovery due to the Covid-19 and Inflation Brazil – Market increased due to the high demand for raw materials
China	51.9	-54%	108.6	-63%	<ul style="list-style-type: none"> Market decreased due to the Covid-19 quarantine and demands moved to mini & small sized machines
Domestic	4.1	-11%	105.0	+11%	<ul style="list-style-type: none"> Sales growth expected, as supply becomes more stable

Note) Market Demand : Excavators & Wheel loaders (but, Excavators only for China / India), Market demand of March 2022 is estimated.

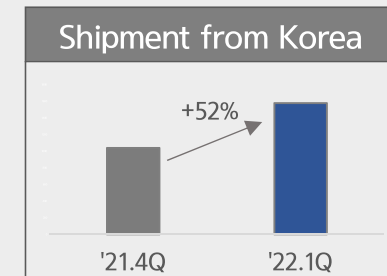
Sales : After the business restructuring (CE All + Forklift Sales by Overseas subsidiaries) / Source : HCE estimation

Market Review & Outlook (2)

- Sales increased expected, mainly in Emerging & Advanced countries
- Make improvement on profitability by raising sales price & optimizing utilization of Global production plants

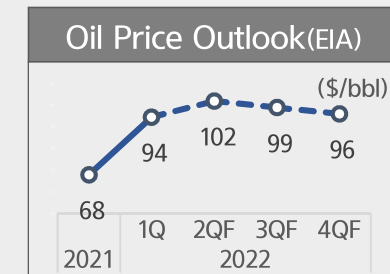
Sales increase in Advanced Market

- Market remains as Supplier oriented
- Increased Shipment from Korea in 1Q, will take result of increased local sales in 2Q



Continued Strong Sales in Emerging Market

- Despite of the war in Ukraine, the other markets increased
- Large & Extra Large sized machines sales increased in Asia and Latin America due to the high oil price
- Based on plenty of Back Orders, monthly Sales continued over 700units as from March 2021



Secure the profitability

- Planning to raise the sales price additionally in 2nd half of the year, depends on market situation (Advanced, Emerging countries & Brazil)
- Optimizing utilization of Global production plants, to prevent the market adjustment risk (Expand the exports from China, India and Brazil)
- Securing safe stock level and diversifying supply chains for stable supply for the major components

